

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

February 27, 2006

### Community Reinvestment Act Performance Evaluation

Ocean National Bank  
Charter Number: 1254

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**NOTE:** This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **Ocean National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Ocean National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory			
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels reflect adequate responsiveness to the credit needs of the rating areas.
- Distribution of loans among geographies of different income levels is adequate in New Hampshire. Maine did not have LMI geographies in 2004-2005.
- Distribution of loans among borrowers of different income levels is good in New Hampshire in 2004-2005; it carried the most weight in the rating.
- Community Development loans had a positive impact on the bank's lending performance.
- Investments reflect an adequate response to credit and community needs.
- Service delivery systems are readily accessible to geographies and individuals of different income levels.
- Performance in community development services is adequate.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified

by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

Ocean National Bank (ONB) is chartered and headquartered in the state of New Hampshire. ONB is an interstate bank and a subsidiary of Chittenden Corporation (CC), a financial services bank holding company organized under the laws of Vermont. CC has assets of \$6.5 billion and is headquartered in Burlington, VT. ONB operates 43 banking offices in New Hampshire and Maine from its headquarters in Portsmouth, New Hampshire. In 2005, the average number of employees was between 340 and 350.

As of December 31, 2005, ONB had assets of \$1.6 billion, Tier 1 Capital of \$121.8 million, deposits of \$1.2 billion, and net loans of \$1.0 billion. Net loans to deposits were 81 percent. Loans comprise 61 percent of bank assets. Real estate loans made up 86 percent of the portfolio. Commercial and industrial loans equaled 12 percent and personal and other loans equaled two percent.

ONB is the result of its merger with Granite Bank (GB), a state chartered institution headquartered in Keene, NH. The process was initiated in 2001 when CC purchased ONB. During merger activities, both banks briefly operated under separate charters with oversight from one Board and executive management group. ONB's headquarters moved to Portsmouth, NH in 2005.

While ONB identifies HMDA loan opportunities, ONB's parent, Chittenden Corporation originates the loans from its mortgage service center in Vermont and accounts for them on the Chittenden Bank (CB) HMDA Loan/Application Register (LAR). As a result, many mortgage loans that ONB identified in the evaluation period were originated by CC and reported on CB's HMDA LAR. As a course of business, ONB did not purchase those loans back from CC or purchase other HMDA loans.

ONB's business strategy is commercial real estate and commercial and industrial lending, and these products comprise 60 percent of net loans. Residential 1-4 family mortgages comprise 19 percent of net loans; home equity loans add another eight percent.

There are no known legal, financial or other factors that impede the bank's ability to help the credit needs of its assessment areas. Competition is strong as provided by longstanding local banks, regional banks, national banks, national and local mortgage companies, national credit card companies, local credit unions, and other non-bank entities.

ONB's prior CRA Performance Evaluation, dated December 3, 2001, performed by the Office of the Comptroller of the Currency resulted in a "Satisfactory" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The overall evaluation period is January 1, 2002 through December 31, 2005, with the exception of community development (CD) loans, investments, and services. For CD loans, the Investment Test, and the Service Test, the overall evaluation period is January 1, 2002 through February 27, 2006.

For HMDA and small loans to businesses, we used two census periods for demographic comparators. We analyzed loan data from January 1, 2002 through December 31, 2002 against 1990 census demographic data. And, we analyzed loan data from January 1, 2003 through December 31, 2005 against 2000 census demographic data.

We used three sub-evaluation periods due to the configuration of the bank at various times in the overall evaluation period. We analyzed performance data from January 1, 2002 through December 31, 2002 for ONB, at that time a bank operating primarily in Maine. We analyzed performance data from January 1, 2003 through December 31, 2003 for ONB and GB individually, due to their separate charters. With the change in United States Office of Management and Budget geographic boundaries, effective January 1, 2004, and the bank's re-organization under one charter, we analyzed performance data from January 1, 2004 through December 31, 2005 for ONB.

### Data Integrity

As part of this CRA Evaluation, ONB's publicly filed information on home mortgage loans and small loans to businesses was tested for accuracy. Testing included an evaluation of ONB's processes to ensure that data are reliable. CD loans, investments, and services submitted by ONB management were verified to ensure that they met regulatory definitions for community development.

No significant errors were found in the reported home mortgage data. Errors from the small loans to businesses were corrected for this review.

### Selection of Areas for Full-Scope Review

The areas for review are defined by the individual time periods analyzed. Refer to **Appendix A: Scope of Examination** for more information.

- In 2004 and 2005, we assigned two individual state ratings; New Hampshire and Maine. In each state, at least one AA was selected for a full-scope review, based on the highest percentages of deposits.
  - For the state of New Hampshire, the Rockingham County-Strafford County Metropolitan Division (MD) was selected for full-scope review as the

majority of loans and deposits for the state of New Hampshire are located in this AA. The Manchester-Nashua MSA and the non-MSA AAs received limited scope reviews.

- In Maine, the only AA, the Portland-South Portland-Biddeford MSA, was selected for review.
- In 2003, we combined all of Granite Bank's geographies in New Hampshire into one AA in rating the bank's performance.
- In 2003, we combined all of ONB's geographies in Maine and New Hampshire into one AA in rating the bank's performance.
- In 2002, we combined all of ONB's geographies in Maine and New Hampshire into one AA in rating the bank's performance.

## Ratings

The state ratings in 2004-2005 and the ratings in 2003 and 2002 were combined to form ONB's overall rating.

The bank's overall rating is based primarily on those areas that received full-scope reviews. Ratings from 2004-2005 were weighted most heavily at 65 percent of the total because they represent performance in the most recent time period, and they most accurately reflected the bank's current products and assessment areas. Within 2004-2005, ratings for the state of New Hampshire were weighted more heavily based on the significant majority of total deposits gathered in New Hampshire, 85 percent in New Hampshire and 15 percent in Maine. Ratings for 2003 were weighted at 25 percent of the total; we rated two individually chartered banks, and rated them equally. In 2002, we reviewed the performance of one bank, ONB, and it counted for 10 percent of the overall rating.

For the Lending Test, we considered the level of home mortgage loans and small loans to businesses originations, and community development lending. Investments in prior and current periods formed the basis for our evaluation for the Investment Test. Branch locations were acknowledged as forming a significant portion of the Service Test rating. The impact of branch locations on loan activity levels and the level of Community Development services were considered in the overall Service Test rating.

## Inside/Outside Ratio

This ratio is a bank wide calculation, and is not calculated or discussed by individual rating area or AA. Analysis is limited to bank loan originations and purchases. A substantial majority of all loan originations, both by number (92 percent) and dollar amount (89 percent) are within the assessment areas.

## **Community Contacts**

There were three community contacts made related to ONB's Rockingham-Strafford AA in 2005. The community contacts identified the following as credit needs in the AA:

- Small business capital, financing and access to technical resources supporting qualification for small business financing.
- Affordable housing for low- and moderate-income individuals.
- Credit lines for affordable health care for low- and moderate-income individuals.
- Shelters for the homeless.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## **State Rating - New Hampshire**

**CRA rating for New Hampshire: Satisfactory**

**The lending test is rated: High Satisfactory**

**The investment test is rated: Low Satisfactory**

**The service test is rated: Outstanding**

The major factors that support this rating include:

- A good distribution of small loans to businesses.
- A good distribution of mortgage loans among geographies and borrowers of different income levels.
- An excellent distribution of multifamily loans among geographies of different income levels.
- A good level of community development lending that had a positive impact on lending performance.
- An adequate level of investments that reflects responsiveness to credit and community development needs.
- Delivery systems readily accessible to geographies and individuals of different income levels.

### **Description of Institution's Operations in New Hampshire**

ONB's operations in New Hampshire consist of three assessment areas (AAs) with 208 census tracts. The full-scope Rockingham County-Strafford County MD consists of 79 census tracts, 14 in moderate-income tracts, 52 in middle-income tracts, and 13 in upper-income tracts. There are no low-income tracts in the Rockingham County-Strafford County MD. The limited-scope Nashua-Manchester MSA and non-MSA AAs consist of 81 and 48 census tracts, respectively. The AAs grew through acquisitions during recent years.

As of June 30, 2005, ONB ranked fourth in deposits with an eight percent market share. Primary competitors include Citizens Bank New Hampshire (28 percent), TD Banknorth, N.A. (23 percent), Bank of America, N.A. (nine percent), First Signature Bank & Trust Company (seven percent) and Sovereign Bank (seven percent). ONB has 29 branches in the state of New Hampshire; 13 branches are located in the Rockingham County-Strafford County MD, three of which are within moderate-income census tracts. During the evaluation period, ONB originated 50.5 percent of its total HMDA loans and small business loans within the Rockingham County-Strafford County

MD.

Lending activity levels are low due to a policy of referring loans to the parent institution for origination. Where available, we reviewed activity by the parent, and we reviewed ONB's other loan and consumer loan activity levels to determine that credit needs were being met.

Refer to the market profile for the Rockingham County-Strafford County MD in **Appendix C** for detailed demographics.

## **LENDING TEST**

Lending test performance in the Rockingham County-Strafford County MD is High Satisfactory.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of New Hampshire section of **Appendix D** for the facts and data used to evaluate the bank's lending activity.

Lending activity in the Rockingham County-Strafford County MD was good based on excellent multifamily lending, a good distribution of small loans to businesses, and the positive impact of CD lending. The Rockingham-Strafford AA is a very competitive market with many nationwide lenders. ONB ranked fourth in deposits, with an eight percent market share. In 2004, ONB ranked 117<sup>th</sup> overall in HMDA loans. ONB referred approximately 113 home purchase and refinance loans for \$23 million in the Rockingham County-Strafford County MD to its parent for origination. ONB directly originated closed-end home improvement loans and multifamily loans. During 2004-2005, ONB originated 166 reportable HMDA loans totaling \$41.8 million in the Rockingham County-Strafford County MD AA.

In 2004, ONB ranked 12<sup>th</sup> in small business lending, behind banks with both a larger and a longer presence in this AA, especially nationwide business credit card lenders. However, among local institutions, ONB ranked first in meeting a credit need identified by community contacts. ONB's small business loans evidence the largest volume in the AA. In 2004-2005, ONB originated 606 small loans to businesses totaling \$93.7 million. The volume of originated small loans to farms is not significant.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in **Appendix D** for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home purchase loan geographic distribution was very poor. The portion of home

purchase loans originated in moderate-income geographies was significantly lower than the percentage of owner-occupied units. The market share of home purchase loans in moderate-income geographies was significantly lower than the bank's overall market share.

Home improvement loan geographic distribution was excellent in moderate-income tracts. The portion of home improvement loans originated in moderate income geographies exceeded the percentage of owner-occupied units. The market share of home improvement loans was lower than the overall market share.

Home refinance loan geographic distribution was poor. The portion of home refinance loans originated in moderate-income geographies was lower than the percentage of owner-occupied units, and the market share of home refinance loans was lower than the bank's overall market share.

Multifamily loan geographic distribution was excellent. Both the volume of loans and market share exceeded demographic comparators. Multifamily loans were originated directly by ONB through its commercial lending unit.

### ***Small Loans to Businesses***

Refer to Table 6 in **Appendix D** for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Geographic distribution of small loans to businesses in the Rockingham County-Strafford County MD was adequate.

The portion of loans to small businesses in moderate-income geographies was somewhat lower than the percentage of small businesses in similar geographies. ONB's market share of small loans to businesses in moderate-income geographies was also somewhat lower than the bank's overall market share.

### **Lending Gap Analysis**

Reports detailing ONB's lending activity in the evaluation period were reviewed to identify gaps in the geographic distribution of loans. No unexplained or conspicuous gaps were identified.

### **Distribution of Loans by Income Level of the Borrower**

#### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in **Appendix D** for the facts and data used to evaluate borrower distribution of home mortgage loan originations and purchases. Due to 2004 changes in reporting loans made to businesses, and the bank purchasing loans without receiving or recording borrower income, ONB's home purchase borrower analysis was

based on only 10 loans.

Home purchase loan borrower distribution was good. The portion of home purchase loans originated to low-income borrowers exceeded the percentage of low-income families. Market share of loans to low-income borrowers exceeded the bank's overall market share. The portion of home purchase loans originated to moderate-income borrowers and the corresponding market share were significantly lower than the percentage of moderate-income families and overall market share, respectively.

Home improvement loan borrower distribution was good. While the portion of home improvement loans originated to low-income borrowers was significantly lower than the percentage of low-income families, the market share of loans to low-income borrowers exceeds the overall market share. In addition, home improvement loans to moderate-income borrowers exceeded the percentage of moderate-income families, but market shares were significantly lower than the bank's overall market share.

Home refinance loan borrower distribution was adequate. The portion of home refinance loans originated to low- and moderate-income borrowers was lower than the percentage of low- and moderate-income families. However, market share of home refinance loans to low-income borrowers exceeded the bank's overall market share. Market share to moderate-income borrowers was below the bank's overall market share.

### ***Small Loans to Businesses***

Refer to Table 11 in **Appendix D** for the facts and data used to evaluate borrower distribution of origination/purchase of small loans to businesses.

Borrower distribution of small loans to businesses in the Rockingham County-Stafford County MD was excellent. Although the percentage of loans originated to small businesses was significantly lower than the percentage of small businesses in the AA, 25 percent of the business loans were reported without revenue information. These loans were made to start-up businesses. The percentage of loans to small businesses exceeded the percentage of small businesses when including them in total small business loans. In addition, the bank's market share of small loans to businesses exceeded its overall business loan market share, and the bank made a majority of its small loans to businesses in amounts below \$100 thousand.

### ***Consumer Loans***

ONB provided consumer loan data for 2005 for consideration. Geographic and borrower distribution of consumer loans was significantly lower than demographic comparators and had a neutral impact on the Lending Test.

### **Community Development Lending**

Refer to Table 1 Lending Volume in **Appendix D** for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans from January 1, 2004 through February 27, 2006.

ONB's level of CD lending had a positive impact on performance under the Lending Test. In 2003, ONB funded a \$2.28 million loan in the AA and renewed it during 2004, with additional funding of \$300 thousand. The purpose of the CD loans was for construction financing to renovate and rehabilitate an old hospital into a 20-unit affordable senior housing complex. The residents will have access to community based services such as transportation, a social worker, meals on wheels, and other community enhancement activities.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on the limited-scope reviews, ONB's performance under the Lending Test was not inconsistent with the bank's overall performance in the full-scope review of the Rockingham County-Strafford County MD. Refer to Tables 1 through 15 in **Appendix D** for the facts and data that support these conclusions.

### **INVESTMENT TEST**

Investment Test performance in the Rockingham County-Strafford County MD is Low Satisfactory, after considering statewide qualified investments.

Refer to Table 14 in **Appendix D** for the facts and data used to evaluate the bank's level of qualified investments.

The table referenced above reflects ONB's direct investments in the AA. There was one investment totaling \$25 thousand in the AA. While the investment amount had nominal impact on the AA, it served the community well. This investment project is under the New Hampshire Community Development Authority tax credit program and is a collaborative effort by the New Hampshire Community Technical College, the Seacoast YMCA and the Seacoast Business Alliance Corporation to provide quality day care services in the Seacoast Region.

ONB's overall investment activity was considered good after reviewing statewide and regional investments that have the potential to benefit the Rockingham County-Strafford County MD.

In the current period, there were six statewide investment totaling \$1.2 million. Statewide investments were dominated by \$900 thousand in investments in affordable housing programs.

- A \$500 thousand investment was made in the New Hampshire Community Loan Fund's equity equivalent product (EQ2). An EQ2 is a fully subordinated debt, quasi-equity investment, which allows a community financial institution to build

and leverage its equity capital. The New Hampshire Community Loan Fund has been helping underserved people in New Hampshire through affordable housing programs such as manufactured housing, community programs such as the childcare facilities program and economic opportunity programs such as Micro-Credit-NH.

- A \$772 thousand commitment was made to the New Hampshire Housing Equity Fund 2004 Limited Partnership, with \$400 thousand funded during the current evaluation period. The partnership is managed by the Northern New England Housing Investment Fund (NNEHIF), which was created through the merger of the Maine Housing Investment Fund (MHIF) and the New Hampshire Housing Fund. Since 1996, the corporation has raised more than \$197 million in equity capital for affordable housing development of over 2,654 units. NNEHIF currently manages eight Equity Funds that invest in affordable housing developments receiving federal Low Income Housing Tax Credit.

ONB also provided a \$100 thousand investment to the Welfare to Work program. This is run in collaboration with the New Hampshire Department of Health and Human Services and administered through New Hampshire's six Community Action Programs. This program has matured into an effective and efficient delivery mechanism focusing upon pre- and post employment job training as well as job retention and support activities. Clients referred to this program have held the longest tenures on public assistance with the most difficult barriers to employment including lack of formal schooling, substance abuse, domestic abuse, high-debt burden, astronomical housing costs and single parenting.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on the limited-scope reviews, ONB's performance under the Investment Test in the non-MSA was not consistent with the bank's overall performance under the Investment Test. Investments in the non-MSA were significantly greater. Investments in the limited-scope Nashua-Manchester MSA were consistent with the full-scope Rockingham County-Strafford County MD. Refer to Table 14 in **Appendix D** for the facts and data that support these conclusions.

### **SERVICE TEST**

The bank's performance under the Service Test in the Rockingham County-Strafford County MD is Outstanding.

### **Retail Banking Services**

Refer to Table 15 in **Appendix D** for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

ONB's delivery systems are excellent and readily accessible to geographies and

individuals of different income levels in the Rockingham County-Strafford County MD.

The distribution of ONB's offices in moderate-income geographies is excellent. There were no branch closings that impacted moderate-income geographies. The distribution of branches in moderate-income geographies exceeded the populations residing moderate-income geographies. The distribution of automated teller machines (ATMs) in the moderate-income geographies is excellent.

There were three branch closings and one branch opening in the Rockingham County-Strafford County MD, all located in middle-income tracts.

Banking office hours and services throughout the Rockingham County-Strafford County MD were good. Management generally sets branch hours based on customer needs and traffic patterns in each area. Some branch offices offered extended hours on various days of the week. All branches offered Saturday hours.

ONB offered alternative delivery systems in the form of ATMs. The geographic distribution of the bank's ATMs was generally the same as its branch office distribution. However, there were two additional stand-alone ATMs. Customers and non-customers accessed their accounts through ONB's 35 ATMs located throughout New Hampshire and Maine. These were open 24 hours a day, seven days a week.

ONB also offered alternative delivery systems including bank-by-phone, bank-by-mail and Internet banking. An automated phone system was available at all times. The automated, toll-free phone service accommodated fund transfers, balance inquiries, and loan payments. Live customer service representatives were available Monday through Friday from 8 a.m. to 7 p.m., and Saturdays from 9 a.m. until 3 p.m. Online banking services allowed customers access to information on their accounts, transfer funds between accounts, and download activity for Quicken or Microsoft Money.

### **Community Development Services**

ONB provided an adequate level of community development services to the Rockingham County-Strafford County MD. Six bank employees served on boards of directors, or finance committees of area organizations pursuing affordable housing, small business development, and community service initiatives targeted at low- and moderate-income areas and individuals. These services consistently addressed community development needs such as technical assistance for organizations providing community development, affordable housing, and financial services targeted to low- and moderate- income areas or individuals.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on the limited-scope reviews, the bank's performance under the Service Test is consistent with the bank's overall performance under the Service Test. Refer to Table 15 in **Appendix D** for the facts and data that support these conclusions.

## State Rating - Maine

### **CRA rating for Maine: Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Low Satisfactory**

**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- Lending levels reflect adequate responsiveness to AA credit needs.
- Distribution of loans among borrowers of different income levels is poor, but distribution among businesses of varying size is excellent.
- Investments reflect adequate responsiveness to the AA's credit and community development needs.
- Service delivery systems are reasonably accessible to individuals of different income levels.
- Performance in providing community development services is poor.

### **Description of Institution's Operations in Maine**

ONB's operations in Maine consisted of one AA in York County, part of the Portland-South Portland-Biddeford MSA, and it contains 14 census tracts. It is the full-scope AA and it has no low- or moderate-income geographies. The AA has 11 middle-income tracts and three upper-income tracts.

As of June 30, 2005, ONB ranked 12th in deposits with 2.25 percent market share. Primary competitors include TD Banknorth, N.A. (24 percent), Keybank, N.A. (18 percent), Bank of America, N.A. (15 percent), and Kennebunk Savings Bank (seven and a quarter percent). ONB has nine branches in the state of Maine. Generally, ONB does not originate HMDA loans. While it identifies HMDA loan opportunities, ONB's parent, Chittenden Corporation, originates the loans and accounts for them on Chittenden Bank's HMDA LAR. In this evaluation period, ONB originated mortgages in its commercial loan unit as accommodations for commercial customers. Home equity lines of credit and small business loans were originated, but were not reported. Relying on bank supplied data, 345 loans were made to businesses.

Refer to the market profile for the Portland-South Portland-Biddeford MSA in **Appendix C** for detailed demographics.

## LENDING TEST

Lending test performance in the Portland-South Portland-Biddeford MSA is Low Satisfactory. Based on the full-scope review, the bank's performance is adequate.

### Lending Activity

Refer to Table 1 Lending Volume in the State of Maine section of **Appendix D** for the facts and data used to evaluate the bank's lending activity.

Lending activity in the Portland-South Portland-Biddeford MSA was adequate. This MSA is a very competitive market with many nationwide lenders. ONB is ranked twelfth in deposits, with a 2.25 percent market share. In 2005, ONB identified 84 loans totaling \$19 million, originated by its parent, which ranked 32nd overall in HMDA loans in the Portland-South Portland-Biddeford MSA. ONB directly originated closed-end, home improvement loans and multifamily loans. During 2004-2005, ONB originated 62 reportable HMDA loans totaling \$13.4 million in the Portland-South Portland-Biddeford MSA.

In 2004, ONB ranked ninth in small business lending, behind banks with both a larger and a longer presence in this AA, especially nationwide business credit card lenders. However, among local institutions, ONB ranked 4th. In 2004-2005, ONB originated 345 small loans to businesses totaling \$32.2 million. The volume of originated small loans to farms was not significant. Significant weight is given to ONB's small business loans as they evidenced the largest volume in the AA and they were identified as a credit need by community contacts.

### Distribution of Loans by Income Level of the Geography

The geographic distribution of home mortgage loans and small loans to businesses was not material to ONB's Lending Test performance. There are no low- or moderate-income geographies.

### Lending Gap Analysis

Lending gap analysis was not material to ONB's Lending Test performance. There were no low- or moderate-income geographies.

### Distribution of Loans by Income Level of the Borrower

#### *Home Mortgage Loans*

Refer to Tables 8, 9, and 10 in **Appendix D** for the facts and data used to evaluate borrower distribution of home mortgage loan originations and purchases.

Distribution of home mortgage loans by income level of borrower was poor. Home

purchase, home improvement, and home refinance loans considered for borrower distribution analysis reflected very low, single digit loan originations, especially to low- and moderate-income borrowers. While ONB conforms to income recording procedures in Appendix A of the CRA regulation, the practice results in recording borrower income on only four home purchase loans, five home improvement loans, and 11 home refinance loans. ONB did not record income data on 34 purchased and 8 originated home purchase, home improvement, and home refinance loans.

### ***Small Loans to Businesses***

Refer to Table 11 in **Appendix D** for the facts and data used to evaluate borrower distribution of origination/purchase of small loans to businesses.

Borrower distribution of small loans to businesses in the Portland-South Portland-Biddeford MSA was adequate. The percentage of loans to small businesses reported by ONB was somewhat lower than the percentage of small businesses. The percentage of loans to small businesses exceeded the percentage of small businesses when the percent of sampled loans recorded without revenue was included in the total of small business loans. Further support for including the sampled loans was reflected in the bank's market share of small loans to businesses, which exceeded its overall business loan market share. In addition, the bank made a majority of its small loans to businesses in amounts below \$100 thousand. Considering the bank's additional information, the distribution of small business loans was excellent.

### ***Consumer Loans***

Overall, consumer loans had a positive impact on the Lending Test. While borrower distribution of consumer loans to low-income borrowers was poor, the distribution to moderate-income borrowers was good when measured against demographic comparators.

### **Community Development Lending**

Refer to Table 1 Lending Volume in **Appendix D** for the facts and data used to evaluate the bank's level of community development lending. This table includes CD loans originated from January 1, 2004 through February 27, 2006.

ONB's level of CD lending had a positive impact on performance under the Lending Test. In the evaluation period, ONB funded two loans totaling \$1.73 million. One loan was for a 156 unit affordable housing apartment complex in Sanford. The other loan, to Milestone Foundation, Inc., was to renovate facilities in Portland and Old Orchard Beach to provide emergency shelter, detoxification services, and housing for those in need of a safe environment in order to maintain the gains achieved through treatment. The majority of clients is below the poverty level or is of low- and moderate-income.

## **INVESTMENT TEST**

Investment Test performance in the Portland-South Portland-Biddeford MSA is Low Satisfactory. Based on a full-scope review, performance under the Investment Test in the AA is adequate.

Refer to Table 14 in **Appendix D** for the facts and data used to evaluate the bank's level of qualified investments.

The table referenced above reflects ONB's direct investments in the AA. One investment was made in the AA in this evaluation period, for \$25 thousand.

## **SERVICE TEST**

The bank's performance under the Service Test in the Portland-South Portland-Biddeford MSA AA is Low Satisfactory. Based on a full-scope review, performance in the AA was adequate.

### **Retail Banking Services**

Refer to Table 15 in **Appendix D** for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

There were no low- or moderate-income geographies to compare population to the percent of branches in those geographies.

Please refer to the description of general banking hours and services in the state of New Hampshire section of this Evaluation. It was representative of retail banking services throughout this evaluation period.

### **Community Development Services**

ONB provided a poor level of community development services to the Portland-South Portland-Biddeford MSA. Two bank employees served on the board of directors of a housing investment fund serving the states of New Hampshire and Maine.

## **Rating New Hampshire (Granite Bank) - 2003**

**CRA rating for New Hampshire (Granite Bank - 2003): Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Low Satisfactory**

**The service test is rated: High Satisfactory**

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness to AA credit needs.
- A very poor distribution of HMDA and small business loans among geographies of different income levels.
- An adequate distribution of HMDA loans and a good distribution of small business loans among borrowers of different income levels.
- Investments that reflect adequate responsiveness to the AA's credit and community development needs.
- Service delivery systems that are readily accessible to geographies and individuals of different income levels.
- Poor performance in providing community development services.

### **Description of Institution's Operations in 2003 in New Hampshire**

We combined all of Granite Bank's geographies in New Hampshire into one AA in rating the bank's 2003 performance. There are 110 geographies covering the southern portion of New Hampshire. Overall, there are two low-income geographies, six moderate-income, 81 middle-income, and 21 upper-income geographies.

As of June 30, 2003, GB ranked fifth in deposits with a 2.7 percent market share. Primary competitors include Provident National Bank (37 percent), Citizens Bank New Hampshire (18 percent), and TD Banknorth, N.A. (13 percent). GB had 19 branches in the state of New Hampshire. During the evaluation period, GB originated 100 percent of its total HMDA loans and small business loans within the state of New Hampshire.

Refer to the market profile for the state of New Hampshire (Granite Bank - 2003) in **Appendix C** for detailed demographics.

### **LENDING TEST**

GB's Lending Test performance in 2003 in New Hampshire is Low Satisfactory.

## **Lending Activity**

Lending activity in New Hampshire was adequate. GB is ranked fifth in deposits, with a 2.7 percent market share. In 2003, GB is ranked 12th overall in HMDA loans with a 2.4 percent market share. Southern New Hampshire is a very competitive market with many nationwide and large regional lenders reflecting large levels of activity.

In 2003, GB ranked 14th in small business activity behind banks with a larger market presence, especially nationwide credit card lenders. Among local banks of similar size, it ranked first with 492 loans. GB also provided information on 26 multifamily loans, 106 small business loans secured by real estate, and nine consumer loan originations in 2003 for our consideration. The volume of originated small loans to farms was not significant.

Significant weight is given to GB's HMDA loans as they evidenced the largest volume in the AA, and they were identified as a credit need by community contacts.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

The distribution of home mortgage loans in low-income geographies was not considered in GB's Lending Test performance. There are only two low-income geographies and home ownership was less than one-half of one percent.

The distribution of home mortgage loans in the six moderate-income geographies, in which home ownership is 3.5 percent, was very poor. In all three HMDA loan products, home purchase, home improvement, and home refinance, GB's performance was significantly lower than the portion of owner-occupied units.

Multifamily loan distribution to low- and moderate-income geographies was excellent and exceeded demographic comparators.

### ***Small Loans to Businesses***

Geographic distribution of small loans to businesses in GB's AA's was very poor. The portion of loans to small businesses in low- and moderate-income geographies was significantly lower than the percentage of small businesses in similar geographies.

## **Lending Gap Analysis**

Lending gap analysis was not material to GB's Lending Test performance. There were no loans originated outside New Hampshire.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Home purchase loan borrower distribution was adequate. Home purchase loans originated to low-income borrowers was significantly lower than the percentage of low-income families. Home purchase loans originated to moderate-income borrowers was lower than the percentage of moderate-income families. However, the market share of home purchase loans to moderate-income borrowers exceeded the bank's overall market share.

Home improvement loan borrower distribution was adequate despite low volume levels. Home improvement loans originated to low-income borrowers was significantly lower than the percentage of low-income families, but the portion of home improvement loans to moderate-income borrowers significantly exceeded the percentage of moderate-income families.

Home refinance loan borrower distribution was adequate. Home refinance loans originated to low-income borrowers was significantly lower than the percentage of low-income families, and home refinance loans to moderate-income borrowers was lower than the percentage of moderate-income families. However, the market share of home refinance loans to moderate-income borrowers exceeded the bank's overall market share.

### ***Small Loans to Businesses***

Borrower distribution of small loans to businesses in GB's AA was good. The percentage of loans to small businesses was near to the percentage of small businesses, and the bank made a majority of its small loans to businesses in amounts below \$100 thousand.

## **Community Development Lending**

GB's level of CD lending had a positive impact on performance under the Lending Test. In 2003, the bank funded a \$2.28 million loan in the AA. The purpose of the CD loan was construction financing to renovate and rehabilitate an old hospital into a 20-unit affordable senior housing complex. The residents will have access to community based services such as transportation, a social worker, meals on wheels, and other community enhancement activities. In addition, GB advanced \$750 thousand to Monadnock Development for mortgages supporting affordable housing. As well, \$700 thousand was advanced to Cheshire Jaffrey Mills for renovation and construction of multiuse facilities supporting economic development and community development services agencies.

## **INVESTMENT TEST**

Investment Test performance in GB's AA is Low Satisfactory.

There were two investments in 2003 totaling \$172 thousand and three prior period investments totaling \$1.129 million.

## **SERVICE TEST**

The bank's performance under the Service Test in GB's AA is High Satisfactory.

### **Retail Banking Services**

GB's delivery systems are excellent and readily accessible to geographies and individuals of different income levels in the AA.

The distribution of GB's offices in both low- and moderate-income geographies was excellent. There were no branch closings that impacted low- or moderate-income geographies. The distribution of branches in low-income geographies exceeded and those in moderate-income geographies were near to the populations residing low- and moderate-income geographies.

Please refer to the description of general banking hours and services in the state of New Hampshire section of this Evaluation. It was representative of retail banking services throughout this evaluation period.

### **Community Development Services**

GB provided a very poor level of community development services to the AA. While the bank provided a list of employee involvement in civic activities, the bank was not able to provide a list of employees that served on boards of directors, or investment committees of qualified community development organization pursuing affordable housing, small business development, and community service initiatives targeted at low- and moderate-income areas and individuals.

## **Rating Maine (Ocean National Bank) - 2003**

### **CRA rating for Maine - 2003: Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Needs to Improve**

**The service test is rated: High Satisfactory**

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness to AA credit needs.
- A good distribution of HMDA loans among geographies of different income levels, and a very poor distribution of small loans to businesses of varying sizes.
- A poor distribution of loans among borrowers of different income levels, and an excellent distribution of small loans to businesses.
- Investments that reflect poor responsiveness to the AA's credit and community development needs.
- Service delivery systems that are accessible to geographies and individuals of different income levels.
- Poor performance in providing community development services.

### **Description of Institution's Operations in 2003**

We combined all of ONBs' geographies in Maine and New Hampshire into one AA in rating ONB's 2003 performance. In the AA, there were 162 geographies covering the southern portions of Maine and New Hampshire. Three geographies were low-income, 27 were moderate-income, 93 were middle-income, and 39 were upper-income.

In 2003, ONB operated in both Maine and New Hampshire. As of June 30, 2003, ONB ranked 24th in Maine and 14th in New Hampshire in deposits with 1.4 percent and 0.9 percent market shares, respectively. Primary competitors in Maine included TD Banknorth, N.A. (19 percent), Keybank, N. A. (14 percent), Fleet Bank, N.A. (eight percent) and Bangor Savings (seven percent). Primary competitors in New Hampshire include Provident National Bank (37 percent), Citizens Bank New Hampshire (18 percent), and TD Banknorth, N.A. (13 percent). ONB had nine branches in Maine and 14 in New Hampshire. During the evaluation period, ONB sourced nearly all of its HMDA loans with the understanding that underwriting and origination would be performed by its affiliate, Granite Bank. HMDA loans reported on its LAR and included in this Evaluation were either purchased from its affiliate or originated in commercial

lending operations.

Refer to the market profile of the State of Maine (Ocean National Bank-2003) in **Appendix C** for detailed demographics.

## **LENDING TEST**

ONB's Lending Test performance in 2003 is Satisfactory.

### **Lending Activity**

Lending activity in 2003 was adequate, due to small business loan volume. ONB was ranked seventh in combined Maine and New Hampshire deposits, with a prorated 3.1 percent market share. In 2003, ONB was unranked in overall HMDA loans. However, in its AA, Granite Bank reflected 1,088 loans and Chittenden Bank reflected 792 mortgage loans. Using the performance of its two affiliates, as ONB's performance proxy, a market share of 1.2 percent and market rank of 18th could be developed, if ONB's deposits were used. Southern Maine and New Hampshire were very competitive markets with many nationwide and large regional lenders.

In 2003, ONB ranked 13th in small business lending, behind banks with a larger market presence, especially nationwide business credit card lenders. However, among local institutions, ONB ranked third. In 2003, ONB originated 416 small loans to businesses totaling \$64 million. The volume of originated small loans to farms was not significant.

Significant weight is given to ONB's small business loans as they evidenced the largest volume in the AA and they were identified as a credit need by community contacts.

### **Distribution of Loans by Income Level of the Geography**

#### ***Home Mortgage Loans***

The distribution of home mortgage loans in low-income geographies was not considered in the Lending Test performance. There were only three low-income geographies and home ownership was less than one-half of one percent. Home mortgage loans in the 27 moderate-income geographies had higher home ownership levels, at nine percent. Performance in home purchase loans was adequate; no home improvement loans were originated; performance in home refinance was excellent.

Multifamily loan geographic distribution was good. Performance in low-income geographies was adequate while performance in moderate-income geographies was excellent.

#### ***Small Loans to Businesses***

Geographic distribution of small loans to businesses in ONB's AA was very poor.

The portion of loans to small businesses in low-income geographies and in moderate-income geographies was significantly lower than the percentage of small businesses in similar geographies. The market share of loans in low-income geographies was significantly lower than the overall market share, and the market share in moderate-income geographies was near to the bank's overall market share.

## **Lending Gap Analysis**

Lending gap analysis was not material to ONB's Lending Test performance.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Distribution of home mortgage loans by income level of borrower was poor. Home purchase, home improvement, and home refinance loans considered for borrower distribution analysis reflects very low, single digit loan originations to low- and moderate-income borrowers. While ONB conforms to income recording procedures in Appendix A of the CRA regulation, the practice results in recording borrower income on only 10 home purchase loans and 12 home refinance loans; no home improvement loans were originated. ONB did not record income data on 75 HMDA loans, which were either purchased or originated.

### ***Small Loans to Businesses***

Borrower distribution of small loans to businesses was excellent. The percentage of loans to small businesses exceeded the percentage of small businesses. In addition, the bank made a majority of its small loans to businesses in amounts below \$100 thousand.

## **Community Development Lending**

ONB's level of CD lending had a positive impact on performance under the Lending Test. In 2003, ONB funded three CD loans totaling \$1.15 million.

## **INVESTMENT TEST**

Investment Test performance is Needs to Improve.

Total investments, current and prior period, were \$197 thousand. While they helped meet affordable housing, day care, and economic development needs in the AA, the rating reflects low volume.

## **SERVICE TEST**

The bank's performance under the Service Test in 2003 is High Satisfactory.

### **Retail Banking Services**

ONB's delivery systems were good and accessible to geographies and individuals of different income levels.

The distribution of ONB's offices in moderate-income geographies was excellent. The distribution of branches in moderate-income geographies was equal to the population residing in moderate-income geographies. The distribution of ATMs in moderate-income geographies was excellent.

There were no branch closings and one branch opening in a moderate-income tract. Please refer to the description of general banking hours and services in the state of New Hampshire section of this Evaluation. They were representative of retail banking services throughout this evaluation period.

### **Community Development Services**

ONB provided a very poor level of community development services to the AA. The bank was not able to provide a list of employees that served on boards of directors, or investment committees of qualified community development organization pursuing affordable housing, small business development, and community service initiatives targeted at low- and moderate-income areas and individuals.

## **Rating Ocean National Bank - 2002**

### **CRA rating for Ocean National Bank - 2002: Satisfactory**

**The lending test is rated: Low Satisfactory**

**The investment test is rated: Needs to Improve**

**The service test is rated: High Satisfactory**

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness to AA credit needs.
- A poor distribution of HMDA loans among geographies of different income levels.
- An excellent distribution of multifamily loans among geographies of different income levels.
- An adequate distribution of loans among borrowers of different income levels.
- Investments that reflect poor responsiveness to the AA's credit and community development needs.
- Service delivery systems that are readily accessible to geographies and individuals of different income levels.
- Poor performance in providing community development services.

### **Description of Institution's Operations in 2002**

We combined all of ONB's geographies in Maine and New Hampshire into one AA in rating ONB's 2002 performance. ONB filed one HMDA LAR covering its mortgage loan originations. There were 147 geographies covering the southern portions of Maine and New Hampshire. Overall, there are two low-income, 22 moderate-income, 92 middle-income, and 26 upper-income geographies. Five geographies did not have income designations.

As of June 30, 2002, ONB ranked 20th in deposits in Maine with a 1.6 percent market share. ONB ranked 13th in New Hampshire with a 0.94 percent market share. Primary competitors in Maine included TD Banknorth, N.A. (19 percent), Keybank N.A. (13 percent), Fleet Bank, N.A. (eight percent) and Bangor Savings Bank (seven percent). In New Hampshire, primary competitors included Provident National Bank (42 percent), Citizens Bank New Hampshire (15 percent), and TD Banknorth, N.A. (13 percent). ONB had nine branches in Maine and 14 in New Hampshire.

During the evaluation period, ONB sourced nearly all its HMDA loans with its parent and

affiliate Chittenden Bank. ONB's HMDA records available for our review reflected 58 originated and/or purchased loans in the evaluation period. By contrast, Chittenden Bank reflected 566 HMDA loans in ONB's assessment area in 2002. Adding the activity from both banks, 624 loans would equate to a market ranking of 46th. Despite much lower lending level parameters than those corresponding to deposit gathering, lending activity was considered adequate due to the market presence of many larger institutions.

Refer to the market profile for Ocean National Bank-2002 in **Appendix C** for detailed demographics. Performance in the two low-income geographies was not meaningful due to the low population and owner-occupied housing levels. Approximately one-half of one percent of the AA's population resided in the low-income geographies. One-tenth of one percent of occupied-housing was in low-income geographies. This severely limits ONB's ability to originate HMDA loans in low-income geographies.

## **LENDING TEST**

ONB's Lending Test performance is Low Satisfactory. Based on a full-scope review, the bank's performance was adequate.

### **Lending Activity**

Lending activity was adequate. ONB's combined Maine and New Hampshire deposit gathering level in 2002 ranked tenth, with a 1.2 percent market share. In 2002, ONB and Chittenden Bank ranked 46th overall in HMDA loans and a market share of approximately 0.50 percent. A portion of the significant difference in deposit levels and lending levels was attributable to competitive lending practices by institutions that do not seek deposits. Both southern Maine and southern New Hampshire are very competitive markets with many nationwide and large regional lenders reflecting large levels of activity. By policy, ONB did not report home-improvement loans in its HMDA LAR. Loans that may have been used for this purpose in 2002 were originated as consumer loans, which were not provided for this review.

In 2002, ONB was not required to report small business lending. However, ONB provided information on 13 multifamily loans originations. ONB's home purchase, home refinance, and multifamily loans were weighed equally. All were identified as credit needs by community contacts.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

The distribution of home mortgage loans in low-income geographies was not material to ONB's Lending Test performance. There were only two low-income geographies and home ownership in them was one-tenth of one percent. Both low population levels and extremely low home ownership levels severely limited lending opportunities in these

geographies and negated the value of statistical analysis.

However, the distribution of home mortgage loans in the 22 moderate-income geographies, in which home ownership was 6.1 percent, was material. In moderate-income geographies, the distribution of home mortgage loans was poor. ONB did not originate home purchase or home-refinance loans. Home purchase originations, in moderate-income geographies, were less than the portion of owner-occupied loans. As well, its market share of home purchase loans was less than its overall market share.

### ***Multifamily Loans***

ONB's distribution of multi-family loans was excellent. The portion of multifamily loans originated in moderate-income geographies significantly exceeded the portion of multifamily units in those geographies. Its market share of multi-family loans exceeded its overall market share.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Distribution of home mortgage loans by income level of borrower was poor. The volume of home mortgage loans was very low. No home purchase loans were originated to low-income families. The number of families living at the poverty level, six percent, was an impediment for the bank to originate home mortgage loans to low-income families. While refinance loan originations were significantly lower than the portion of low-income families in the AA, performance was adequate when poverty levels were considered.

The bank's performance in originating home purchase and home refinance loan originations to moderate-income families was very poor. The low level of originations was significantly lower than the portion of moderate-income families. Mortgage lending to moderate-income families, 19 percent of the population, was inhibited by the poverty level. Statistically, 50 percent of moderate-income families were also below the poverty level. Market share information was not meaningful due to the low loan volume.

### ***Small Loans to Businesses***

Not applicable as ONB was not required to report small loans to businesses in this evaluation period.

## **Community Development Lending**

ONB originated two CD loans in this evaluation period, for a total of \$1.7 million. These loans had a positive impact on Lending Test performance.

## **INVESTMENT TEST**

Investment Test performance is Needs to Improve. Total investments were comprised of one current period investment for \$36 thousand and one prior period investment of \$50 thousand. The current period investment was a statewide investment that also included the AA. There was one investment totaling \$222 thousand that while formally committed, was unfunded.

## **SERVICE TEST**

The bank's performance under the Service Test is High Satisfactory. Based on our review, the bank's performance was good.

### **Retail Banking Services**

ONB's delivery systems were excellent and readily accessible to geographies and individuals of different income levels.

The distribution of ONB's offices in moderate-income geographies was excellent. There were no branch closings that impacted moderate-income geographies. There were 12 branch openings with two in moderate-income geographies. The distribution of branches in moderate-income geographies exceeded the populations residing moderate-income geographies. There were no ATMs in low-income geographies and the distribution in moderate-income geographies was adequate.

Please refer to the description of general banking hours and services in the state of New Hampshire section of this Evaluation. They were representative of retail banking services throughout this evaluation period.

### **Community Development Services**

ONB provided a poor level of community development services to the AA. The bank was not able to provide a list of employees that served on boards of directors, or investment committees of qualified community development organization pursuing affordable housing, small business development, and community service initiatives targeted at low- and moderate-income areas and individuals.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this Evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term Full-Scope) and those that received a less comprehensive review (designated by the term Limited-Scope).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/02 to 12/31/05 Investment and Service Tests and CD Loans: (01/01/02 to 02/27/06)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Ocean National Bank (ONB) Portsmouth, NH	HMDA, multi-family, small business and Community Development loans, Qualified Investments, and retail services.	
<b>Affiliate(s)</b> N/A	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>New Hampshire</b> Rockingham-Strafford (MD # 40484)	Full-Scope	2004-2005
Manchester Nashua (MSA # 31700)	Limited-Scope	2004-2005
Non-metropolitan Area	Limited-Scope	2004-2005
<b>Maine</b> Portland-South Portland- Biddeford, MSA # 38860	Full-Scope	2004-2005
New Hampshire (Granite Bank)	Full-Scope	2003
Maine (ONB)	Full-Scope	2003
ONB	Full-Scope	2002

## Appendix B: Summary of State Ratings

RATINGS      Ocean National Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
ONB	Low Satisfactory	Low Satisfactory	Outstanding	Satisfactory
State:				
NH 2004-2005	High Satisfactory	Low Satisfactory	Outstanding	Satisfactory
ME 2004-2005	Low Satisfactory	Low Satisfactory	Low satisfactory	Satisfactory
NH (GRANITE) 2003	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
ME (ONB) 2003	Low Satisfactory	Needs to Improve	High Satisfactory	Satisfactory
ONB 2002	Low Satisfactory	Needs to Improve	High Satisfactory	Satisfactory

(\*) The Lending Test is weighted more heavily than the Investment and Service Test in the overall rating.

# Appendix C: Market Profiles for Full-Scope Areas

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**Market Profiles for Areas Receiving Full-Scope Reviews**

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## State of New Hampshire Full-Scope Areas (Rockingham-Stafford County MD)

Institution ID: Ocean National Bank 1254

### ONB 2004-2005 Rockingham-Stafford 40484 AA2

Demographic Information for Full Scope Area: ONB 2004 -2005 Rockingham-Stafford 40484 AA2						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	79	0.00	17.72	65.82	16.46	0.00
Population by Geography	389,592	0.00	19.21	63.51	17.27	0.00
Owner-Occupied Housing by Geography	106,425	0.00	16.82	63.78	19.40	0.00
Business by Geography	34,082	0.00	16.63	67.03	16.35	0.00
Farms by Geography	883	0.00	9.06	69.31	21.63	0.00
Family Distribution by Income Level	102,676	16.53	19.79	26.38	37.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	37,293	0.00	28.89	59.91	11.20	0.00
Median Family Income HUD Adjusted Median Family Income for 2004 Households Below Poverty Level		62,430 73,000 6.00%	Median Housing Value Unemployment Rate (1990 US Census)		150,766 1.72%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2004 HUD updated MFI

The full-scope MSA includes the Rockingham and Stafford counties located in the southeastern part of New Hampshire. There are 79 census tracts, 14 in moderate-income tracts, 52 in middle-income tracts, and 13 in upper-income tracts. There are no low-income tracts in the assessment area. The Rockingham-Stafford counties are commonly known as New Hampshire's seacoast.

Within the Rockingham County-Stafford County MD, ONB ranks fourth in deposits with an eight percent market share. Primary competitors include Citizens Bank New Hampshire (28 percent), TD Banknorth, N.A. (23 percent), Bank of America, N.A. (nine percent), First Signature Bank & Trust Co. (seven percent) and Sovereign Bank (seven percent). ONB has twenty nine branches in the state of New Hampshire; 13 branches are located in the full-scope Rockingham County-Stafford County MD, three of which are within moderate-income census tracts. During the evaluation period, ONB originated 50.5 percent of its total HMDA loans and small business loans within the full-scope Rockingham County-Stafford County MD.

The region has historically built its economy on manufacturing and resources such as fishing and farming. Although these activities are very much a part of the regional economy, new businesses and industries have transformed the area into an informational technology and business service driven economy. Southern New

Hampshire regions have taken advantage of the influence of the strong economic activity in the greater Boston area. Employment in the region is concentrated within Trade and Service sectors. The manufacturing sector still maintains a significant employment presence. Major employers in the Rockingham region are Shaw's Supermarkets, Liberty Mutual, Exeter Hospital, and Sears. Within the Strafford region, Cabletron, General Electric, Heidelberg, and Textron Auto are major employers.

Between 1990 and 2000, the population in the Rockingham and Strafford counties grew approximately 13 percent and seven percent, respectively.

ONB offers traditional banking products for loans and deposits.

## **State of Maine Full-Scope Areas**

**(Portland-South Portland-Biddeford MSA)**

Institution ID: Ocean National Bank 1254

**ONB-ME-2004-2005 Portland-Biddeford 38860**

Demographic Information for Full Scope Area: ONB-ME-2004—2005						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	14	0.00	0.00	78.57	21.43	0.00
Population by Geography	74,061	0.00	0.00	79.98	20.02	0.00
Owner-Occupied Housing by Geography	23,442	0.00	0.00	78.56	21.44	0.00
Business by Geography	5,945	0.00	0.00	77.48	22.52	0.00
Farms by Geography	192	0.00	0.00	71.88	28.13	0.00
Family Distribution by Income Level	20,714	13.55	17.39	25.23	43.83	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	6,408	0.00	0.00	84.47	15.53	0.00
Median Family Income		52,773	Median Housing Value		131,222	
HUD Adjusted Median Family Income for 2005		61,200	Unemployment Rate (1990		1.91%	
Households Below Poverty Level		6%	US Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2005 HUD updated MFI

ONB's operations in Maine consisted of one AA in York County, part of the Portland-South Portland-Biddeford MSA, and it contains 14 census tracts. It is the full-scope AA and it has no low- or moderate-income geographies. The AA has 11 middle-income tracts and three upper-income tracts.

As of June 30, 2005, ONB ranked 12th in deposits with a two and a quarter percent market share. Primary competitors include TD Banknorth, N.A. (24 percent), Keybank (18 percent), Bank of America (15 percent), and Kennebunk Savings Bank (seven and a quarter percent). ONB has nine branches in the state of Maine.

The region has historically built its economy on manufacturing, tourism, and recreation. While these activities remain strong, new economy businesses and industries like informational technology and services are making inroads. Southern Maine is very much an extension of regions to the south (Boston) and north (Portland) and has taken advantage of the influence of the strong economic activity in both directions. Employment in the region is concentrated within trade and service sectors. However, a large section of retail and services is seasonal. The Kittery shipyard and the marine services in both Portsmouth and Kittery represent a significant employment presence. The beaches and coastal services northward to Portland and south into New Hampshire and Massachusetts offer many seasonal jobs. Major employers, offering more full-time work include municipalities, schools, and healthcare.

Southern Maine is the fastest growing area of the state. Between 1990 and 2000, the population of York County more than doubled.

ONB offers traditional banking products for loans and deposits.

## State of New Hampshire Full-Scope Area

### (Granite Bank-2003)

Demographic Information for Full-Scope Area: (Granite Bank)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	110	1.82	5.45	73.64	19.09	0.00
Population by Geography	529,440	1.78	5.48	74.51	18.23	0.00
Owner-Occupied Housing by Geography	139,005	0.48	3.48	74.91	21.14	0.00
Businesses by Geography	47,786	2.18	5.88	69.96	21.97	0.00
Farms by Geography	1,277	0.47	2.43	71.73	25.37	0.00
Family Distribution by Income Level	137,442	15.05	18.25	25.66	41.04	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	45,768	3.49	8.67	76.01	11.84	0.00
Median Family Income HUD Adjusted Median Family Income for 2003 Households Below the Poverty Level	= \$56,497 = \$64,540 = 6%	Median Housing Value		=	\$124,176	Unemployment Rate = 2.12%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2003 HUD updated MFI.

We combined all of GB's geographies in New Hampshire into one AA in rating the bank's 2003 performance. There are 110 geographies covering the southern portion of New Hampshire. Overall, there are two low-income geographies, six moderate-income, 81 middle-income, and 21 upper-income geographies.

As of June 30, 2003, GB ranked fifth in deposits with a 2.7 percent market share. Primary competitors include Provident National Bank (37 percent), Citizens Bank New Hampshire (18 percent), and TD Banknorth, N.A. (13 percent). GB had 19 branches in the state of New Hampshire.

## State of Maine Full-Scope Area

### (Ocean National Bank-2003)

Demographic Information for Full-Scope Area: (ONB 2003)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	162	1.85	16.67	57.41	24.07	0.00
Population by Geography	793,595	1.49	14.29	60.10	24.12	0.00
Owner-Occupied Housing by Geography	208,805	0.36	9.15	61.87	28.62	0.00
Businesses by Geography	67,290	1.88	14.09	56.78	27.26	0.00
Farms by Geography	1,564	0.38	7.16	58.76	33.70	0.00
Family Distribution by Income Level	209,088	16.11	18.66	25.59	39.64	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	72,706	2.68	22.01	60.05	15.26	0.00
Median Family Income HUD Adjusted Median Family Income for 2003 Households Below the Poverty Level	= \$50,321 = \$56,032 = 6%	Median Housing Value Unemployment Rate				= \$112,580 = 2.24%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2003 HUD updated MFI.

We combined all ONB's geographies in Maine and New Hampshire into one AA in rating ONB's performance. In the AA, there were 162 geographies covering the southern portions of Maine and New Hampshire. Three geographies were low-income, 27 were moderate-income, 93 were middle-income, and 39 were upper-income.

As of June 30, 2003, ONB ranked 24th in Maine and 14th in New Hampshire in deposits with 1.4 percent and 0.9 percent market shares, respectively.

Primary competitors in Maine included TD Banknorth, N.A. (19 percent), Keybank N.A. (14 percent), Fleet (eight percent) and Bangor Savings (seven percent). Primary competitors in New Hampshire include Provident National Bank (37 percent), Citizens Bank New Hampshire (18 percent), and TD Banknorth, N.A. (13 percent). ONB had nine branches in Maine and 14 in New Hampshire.

## Full-Scope Area

### (Ocean National Bank-2002)

Demographic Information for Full-Scope Area: (ONB 2002)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	147	1.36	14.97	62.59	17.69	0.00
Population by Geography	702,814	0.55	11.00	68.31	20.06	0.00
Owner-Occupied Housing by Geography	173,599	0.10	6.11	70.64	23.15	0.00
Businesses by Geography	66,847	2.21	10.87	63.63	23.30	0.00
Farms by Geography	1,296	0.62	4.78	65.05	29.55	0.00
Family Distribution by Income Level	186,931	14.97	18.90	28.76	37.36	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	63,328	0.81	18.77	68.73	11.69	0.00
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$35,876 = \$49,231 = 6%	Median Housing Value		=	\$105,997	Unemployment Rate = 3.44%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

We combined all ONB's geographies in Maine and New Hampshire into one AA in rating the bank's 2002 performance. In this AA, there were 147 geographies covering the southern portions of Maine and New Hampshire. Overall, there are two low-income, 22 moderate-income, 92 middle-income, and 26 upper-income geographies. Five geographies did not have income designations.

As of June 30, 2002, ONB ranked 20th in deposits in Maine with a 1.6 percent market share. As well, ONB ranked 13th in New Hampshire with a 0.94 percent market share. Primary competitors in Maine included TD Banknorth, N.A. (19 percent), Keybank N.A. (13 percent), Fleet Bank N.A. (eight percent) and Bangor Savings (seven percent). In New Hampshire, primary competitors included Provident National Bank (42 percent), Citizens Bank New Hampshire (15 percent), and TD Banknorth, N.A. (13 percent). ONB had nine branches in Maine and 14 in New Hampshire.

## Appendix D: Tables of Performance Data

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## Content of Standardized Tables

A separate set of tables is provided for each state. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the

percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment

commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

Institution ID: Ocean National Bank 1254

**Table 1. Lending Volume**

LENDING VOLUME												Geography: ONB 2004-2005 NH		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005	
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>															
ONB 2004 Rockingham- Strafford 40484	50.32	166	41,769	606	93,697	2	28	3	2,875	777	138,369	44.13			
<b>Limited Review:</b>															
ONB 2004 AA4-9999	24.03	121	20,481	242	34,577	1	475	7	3355	371	58,888	23.06			
ONB 2004 Manchester- Nashua 31700 AA3	25.65	115	22,728	275	47,957	4	445	2	300	396	71,430	32.81			

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2004 to February 27, 2006.

\*\*\* Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: Ocean National Bank 1254

**Table 1. Other Products**

LENDING VOLUME		Geography: ONB 2004-2005 NH						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005						
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>														
ONB 2004 Rockingham- Strafford 40484 AA2	42.95	338	45,087	134	25,050	204	20,037	0	0	0	0	0	0	44.13
<b>Limited Review:</b>														
ONB 2004 AA4-9999	24.40	192	20,241	66	10,482	126	9,759	0	0	0	0	0	0	23.06
ONB 2004 Manchester- Nashua 31700 AA3	32.66	257	30,333	101	17,170	156	13,163	0	0	0	0	0	0	32.81

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\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2005.

\*\*\* Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: Ocean National Bank 1254

**Table 1. Other Products**

LENDING VOLUME		Geography: ONB 2004-2005 NH		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005	
MA/Assessment Area (2004):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
ONB 2004 Rockingham-St 40484 AA2	0	0	0	0	0
<b>Limited Review:</b>					
ONB 2004 AA4-9999	0	0	0	0	0
ONB 2004 Manchester-Na 31700 AA3	0	0	0	0	0

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\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2005.

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**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: ONB 2004-2005 NH					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
ONB 2004 Rockingham-Strafford 40484 AA2	51	46.79	0.00	0.00	16.82	9.80	63.78	74.51	19.40	15.69	0.16	0.00	0.09	0.19	0.09	
<b>Limited Review:</b>																
ONB 2004 AA4-9999	28	25.69	0.00	0.00	2.30	0.00	74.72	89.29	22.98	10.71	0.46	0.00	0.00	0.57	0.17	
ONB 2004 Manchester-Nashua 31700 AA3	30	27.52	0.73	0.00	8.76	3.33	56.63	86.67	33.88	10.00	0.15	0.00	0.07	0.25	0.00	

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Institution ID: Ocean National Bank 1254

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: ONB 2004-2005 NH						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB 2004 Rockingham-Strafford 40484 AA2	31	47.69	0.00	0.00	16.82	22.58	63.78	70.97	19.40	6.45	0.69	0.00	0.59	0.71	0.74
<b>Limited Review:</b>															
ONB 2004 AA4-9999	14	21.54	0.00	0.00	2.30	0.00	74.72	92.86	22.98	7.14	0.40	0.00	0.00	0.53	0.00
ONB 2004 Manchester-Nashua 31700 AA3	20	30.77	0.73	0.00	8.76	0.00	56.63	90.00	33.88	10.00	0.39	0.00	0.00	0.63	0.00

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Institution ID: Ocean National Bank 1254

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: ONB 2004-2005 NH					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa II	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
ONB 2004 Rockingham-Strafford 40484 AA2	58	37.18	0.00	0.00	16.82	10.34	63.78	79.31	19.40	10.34	0.14	0.00	0.06	0.17	0.07						
<b>Limited Review:</b>																					
ONB 2004 AA4-9999	65	41.67	0.00	0.00	2.30	0.00	74.72	87.69	22.98	12.31	0.39	0.00	0.00	0.44	0.24						
ONB 2004 Manchester-Nashua 31700 AA3	33	21.15	0.73	0.00	8.76	0.00	56.63	78.79	33.88	21.21	0.12	0.00	0.00	0.17	0.06						

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Institution ID: Ocean National Bank 1254

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: ONB 2004-2005 NH						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB 2004 Rockingham-Strafford 40484 AA2	26	36.11	0.00	0.00	30.35	53.85	64.88	42.31	4.78	3.85	12.16	0.00	17.24	10.26	0.00
<b>Limited Review:</b>															
ONB 2004 AA4-9999	14	19.44	0.00	0.00	16.35	0.00	69.51	92.86	14.14	7.14	15.63	0.00	0.00	14.29	25.00
ONB 2004 Manchester-Nashua 31700 AA3	32	44.44	5.97	0.00	38.60	53.13	47.98	40.63	7.45	6.25	17.59	0.00	18.18	19.35	16.67

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

Institution ID: Ocean National Bank 1254

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: ONB 2004-2005 NH					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
ONB 2004 Rockingham-Strafford 40484 AA2	606	53.96	0.00	0.00	16.63	12.21	67.03	75.25	16.35	12.54	2.22	0.00	1.89	2.52	1.85						
<b>Limited Review:</b>																					
ONB 2004 AA4-9999	242	21.55	0.00	0.00	5.43	4.55	70.96	81.40	23.61	14.05	1.46	0.00	1.17	1.63	1.40						
ONB 2004 Manchester-Nashua 31700 AA3	275	24.49	2.18	0.36	18.79	11.64	51.54	61.82	27.49	26.18	1.15	0.34	0.65	1.56	0.94						

\* Based on 2004 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2004).

Institution ID: Ocean National Bank 1254

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: ONB 2004-2005 NH						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families***	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB 2004 Rockingham-Strafford 40484 AA2	10	30.30	16.53	20.00	19.79	10.00	26.38	20.00	37.30	50.00	0.04	0.33	0.00	0.00	0.05
<b>Limited Review:</b>															
ONB 2004 AA4-9999	13	39.39	14.25	30.77	18.25	15.38	25.39	7.69	42.12	46.15	0.28	2.72	0.26	0.07	0.26
ONB 2004 Manchester-Nashua 31700 AA3	10	30.30	16.82	0.00	18.82	10.00	26.62	40.00	37.74	50.00	0.07	0.00	0.04	0.11	0.05

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Institution ID: Ocean National Bank 1254

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: ONB 2004-2005 NH						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB 2004 Rockingham-Strafford 40484 AA2	23	53.49	16.53	8.70	19.79	30.43	26.38	30.43	37.30	30.43	0.63	0.85	0.17	0.98	0.54
<b>Limited Review:</b>															
ONB 2004 AA4-9999	8	18.60	14.25	12.50	18.25	50.00	25.39	25.00	42.12	12.50	0.25	0.00	0.41	0.24	0.21
ONB 2004 Manchester-Nashua 31700 AA3	12	27.91	16.82	16.67	18.82	33.33	26.62	25.00	37.74	25.00	0.30	0.00	0.39	0.15	0.49

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Institution ID: Ocean National Bank 1254

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE    Geography: ONB 2004-2005 NH    Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB 2004 Rockingham-Strafford 40484 AA2	22	33.33	16.53	9.09	19.79	13.64	26.38	18.18	37.30	59.09	0.10	0.16	0.07	0.05	0.17
<b>Limited Review:</b>															
ONB 2004 AA4-9999	28	42.42	14.25	10.71	18.25	21.43	25.39	28.57	42.12	39.29	0.35	0.55	0.38	0.34	0.32
ONB 2004 Manchester-Nashua 31700 AA3	16	24.24	16.82	12.50	18.82	31.25	26.62	25.00	37.74	31.25	0.10	0.17	0.13	0.06	0.10

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\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

Institution ID: Ocean National Bank 1254

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES    Geography: ONB 2004-2005 NH    Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
ONB 2004 Rockingham-Strafford 40484 AA2	606	53.96	65.93	43.89	60.07	22.61	17.33	2.22	3.05
<b>Limited Review:</b>									
ONB 2004 AA4-9999	242	21.55	64.67	38.84	61.98	20.66	17.36	1.46	1.72
ONB 2004 Manchester-Nashua 31700 AA3	275	24.49	65.30	41.45	56.00	24.36	19.64	1.15	1.54

\* Based on 2004 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source Dun and Bradstreet - 2004).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 24.93% of small loans to businesses originated and purchased by the bank.

Institution ID: Ocean National Bank 1254

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: ONB 2004-2005 NH										Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total *	% of Hhlds* *	% of BK Lns	% of Hhlds**	% of BK Lns	% of Hhlds* *	% of BK Lns	% of Hhlds**	% of BK Lns	% of Hhlds**	% of BK Lns	% of Hhlds* *	% of BK Lns	% of Hhlds* *	% of BK Lns	% of Hhlds* *	% of BK Lns	
<b>Full Review:</b>																			
ONB 2004 Rockingham-Strafford 40484 AA2	204	41.98	0.00	0.00	20.86	11.27	63.11	65.69	16.03	23.04	19.40	7.35	16.66	9.80	22.17	25.00	41.77	54.41	
<b>Limited Review:</b>																			
ONB 2004 AA4-9999	126	25.93	0.00	0.00	4.24	2.38	75.77	88.10	19.99	9.52	19.13	4.76	17.02	14.29	20.90	23.81	42.95	52.38	
ONB 2004 Manchester-Nashua 31700 AA3	156	32.10	2.82	0.00	19.70	0.00	52.78	81.41	24.70	18.59	21.86	9.62	17.65	17.31	22.23	26.92	38.25	45.51	

\* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of households is based on 2000 Census Information.

Institution ID: Ocean National Bank 1254

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: ONB 2004-2005 NH				Evaluation Period: JANUARY 1, 2004 TO December 31, 2005			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
ONB 2004 Rockingham-Strafford 40484 AA2	0	0	1	25	1	25	1.20	0	0
<b>Limited Review:</b>									
ONB 2004 AA4-9999	2	376	1	50	3	426	20.49	1	265
ONB 2004 Manchester-Nashua 31700 AA3	0	0	1	75	1	75	3.60	1	44
<b>Statewide Investments with potential to benefit the bank's assessment area:</b>									
	2	357	6	1,196	8	1,553	74.69	6	689

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\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Institution ID: Ocean National Bank 1254

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	Geography: ONB 2004-2005 NH			
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005																				
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population						
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography						
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp			
<b>Full Review:</b>																				
ONB 2004 Rockingham-Strafford 40484 AA2	44.13	13	44.83	0.00	23.08	61.54	15.38	1	3	0	0	-1	-1	0.00	19.21	63.51	17.27			
<b>Limited Review:</b>																				
ONB 2004 AA4-9999	23.06	5	17.24	0.00	20.00	80.00	0.00	0	0	0	0	0	0	0.00	3.45	75.50	21.05			
ONB 2004 Manchester-Nashua 31700 AA3	32.81	11	37.93	0.00	27.27	63.64	9.09	1	1	0	+1	0	-1	2.68	17.41	52.62	27.29			

**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System																	
Geography: ONB 2004--2005 NH																	
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005																	
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
ONB 2004 Rockingham-Strafford 40484 AA2	44.13	13	44.83	0.00	23.08	61.54	15.38	15	42.85	0	20.00	66.67	13.33	0.00	19.21	63.51	17.27
<b>Limited Review:</b>																	
ONB 2004 AA4-9999	23.06	5	17.24	0.00	20.00	80.00	0.00	5	14.30	0	20.00	80.00	0	0.00	3.45	75.50	21.05
ONB 2004 Manchester-Nashua 31700 AA3	32.81	11	37.93	0.00	27.27	63.64	9.09	15	42.85	0	26.67	60.00	13.33	2.68	17.41	52.62	27.29

## Institution ID: Ocean National Bank 1254

## ONB 2004-2005 AA4-9999

Demographic Information for Limited Scope Area: ONB 2004 AA4-9999						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	48	0.00	2.08	77.08	20.83	0.00
Population by Geography	212,657	0.00	3.45	75.50	21.05	0.00
Owner-Occupied Housing by Geography	57,035	0.00	2.30	74.72	22.98	0.00
Business by Geography	18,663	0.00	5.43	70.96	23.61	0.00
Farms by Geography	586	0.00	1.37	74.06	24.57	0.00
Family Distribution by Income Level	55,445	14.25	18.25	25.39	42.12	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	18,015	0.00	5.18	81.71	13.11	0.00
Median Family Income		50,942	Median Housing Value		109,086	
HUD Adjusted Median Family Income for 2004		59,600	Unemployment Rate (1990		2.50%	
Households Below Poverty Level		7.87%	US Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

## Institution ID: Ocean National Bank 1254

## ONB 2004-2005 Rockingham-Strafford 40484 AA2

Demographic Information for Full Scope Area: ONB 2004 Rockingham-Strafford 40484 AA2						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	79	0.00	17.72	65.82	16.46	0.00
Population by Geography	389,592	0.00	19.21	63.51	17.27	0.00
Owner-Occupied Housing by Geography	106,425	0.00	16.82	63.78	19.40	0.00
Business by Geography	34,082	0.00	16.63	67.03	16.35	0.00
Farms by Geography	883	0.00	9.06	69.31	21.63	0.00
Family Distribution by Income Level	102,676	16.53	19.79	26.38	37.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	37,293	0.00	28.89	59.91	11.20	0.00
Median Family Income	62,430	Median Housing Value		150,766		
HUD Adjusted Median Family Income for 2004	73,000	Unemployment Rate (1990 US Census)		1.72%		
Households Below Poverty Level	6.00%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

The full-scope MSA includes the Rockingham and Strafford counties located in the southeastern part of New Hampshire. There are 79 census tracts, 14 in moderate-income tracts, 52 in middle-income tracts, and 13 in upper-income tracts. There are no low-income tracts in the assessment area. The Rockingham-Strafford counties are commonly known as New Hampshire's seacoast.

Within the Rockingham County-Strafford County MD, ONB ranks fourth in deposits with an eight percent market share. Primary competitors include Citizens Bank New Hampshire (28 percent), TD Banknorth, N.A. (23 percent), Bank of America (nine percent), First Signature Bank & Trust Co. (seven percent) and Sovereign Bank (seven percent). ONB has 29 branches in the state of New Hampshire; 13 branches are located in the full-scope Rockingham County-Strafford County MD, three of which are within moderate-income census tracts. During the evaluation period, ONB originated 50.5 percent of its total HMDA loans and small business loans within the full-scope Rockingham County-Strafford County MD.

The region has historically built its economy on manufacturing and resources such as fishing and farming. Although these activities are very much a part of the regional economy, new businesses and industries have transformed the area into an informational technology and business service driven economy. Southern New Hampshire regions have taken advantage of the influence of the strong economic activity in the greater Boston area. Employment in the region is concentrated within the trade and service sectors. The manufacturing sector still maintains a significant employment presence. Major employers in the Rockingham region are Shaw's Supermarkets, Liberty Mutual, Exeter Hospital, and Sears. Within the Strafford region, Cabletron, General Electric, Heidelberg, and Textron Auto are major employers.

Between 1990 and 2000, the population in the Rockingham and Strafford counties grew approximately 13 percent and seven percent, respectively.

ONB offers traditional banking products for loans and deposits.

## Institution ID: Ocean National Bank 1254

## ONB 2004 Manchester-Nashua 31700 AA3

Demographic Information for Limited Scope Area: ONB 2004 Manchester-Nashua 31700 AA3						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	81	2.47	23.46	51.85	22.22	0.00
Population by Geography	380,841	2.68	17.41	52.62	27.29	0.00
Owner-Occupied Housing by Geography	93,820	0.73	8.76	56.63	33.88	0.00
Business by Geography	31,993	2.18	18.79	51.54	27.49	0.00
Farms by Geography	738	0.68	8.81	60.16	30.35	0.00
Family Distribution by Income Level	99,448	16.82	18.82	26.62	37.74	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	35,448	4.74	26.94	52.65	15.67	0.00
Median Family Income		62,255	Median Housing Value		132,097	
HUD Adjusted Median Family Income for 2004		72,800	Unemployment Rate (1990		1.87%	
Households Below Poverty Level		6.43%	US Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

Institution ID Ocean National Bank 1254

**Table 1. Lending Volume**

LENDING VOLUME		Geography: ONB 2004-2005 ME						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2005):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
ONB-ME-2004-05a	100.00	62	13,416	345	32,248	3	72	2	1,730	412	47,466	100.00

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2004 to February 27, 2006.

\*\*\* Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: Ocean National Bank 1254

**Table 1. Other Products**

LENDING VOLUME		Geography: ONB 2004-2005 ME								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2005):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>														
ONB-ME-2004-05a	100.00	120	14,219	0	0	120	14,219	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2005.

\*\*\* Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: Ocean National Bank 1254

**Table 1. Other Products**

LENDING VOLUME		Geography: ONB 2004-2005 ME		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005	
MA/Assessment Area (2005):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
ONB-ME-2004-05a	0	0	0	0	

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2005.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: ONB 2004-2005 ME					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005								
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% Owner Occ Units****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB-ME-2004-05a	25	100.00	0.00	0.00	0.00	0.00	78.56	96.00	21.44	4.00	0.63	0.00	0.00	0.70	0.28

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: Ocean National Bank 1254

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: ONB 2004-2005 ME				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total*	% Owner Occ Units***	% Owner Occ Units****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
ONB-ME-2004-05a	6	100.00	0.00	0.00	0.00	0.00	78.56	83.33	21.44	16.67	1.07	0.00	0.00	1.06	1.11	

---

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: Ocean National Bank 1254

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: ONB 2004-2005 ME				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total*	% Owner Occ Units***	% Owner Occ Units****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa II	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
ONB-ME-2004-05a	28	100.00	0.00	0.00	0.00	0.00	78.56	60.71	21.44	39.29	0.30	0.00	0.00	0.16	0.79	

---

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: Ocean National Bank 1254

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: ONB 2004-2005 ME					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% of MF Units****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
ONB-ME-2004-05a	3	100.00	0.00	0.00	0.00	0.00	91.21	100.00	8.79	0.00	9.09	0.00	0.00	10.00	0.00	

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Institution ID: Ocean National Bank 1254

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: ONB 2004-2005 ME						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB-ME-2004-05a	345	100.00	0.00	0.00	0.00	0.00	77.48	78.55	22.52	21.45	2.71	0.00	0.15	3.09	4.17

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\* Based on 2004 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2004).

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**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: ONB 2004-2005 ME						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% BANK Loans <sup>1</sup>	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB-ME-2004-05a	4	100.00	13.55	25.00	17.39	25.00	25.23	0.00	43.83	50.00	0.10	0.00	0.39	0.00	0.09

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: ONB 2004-2005 ME						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% BANK Loans2	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
ONB-ME-2004-05a	5	100.00	13.55	0.00	17.39	40.00	25.23	0.00	43.83	60.00	0.88	0.00	0.00	1.69	0.88

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

2 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: ONB 2004-2005 ME				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total*	% Families***	% BANK Loans****	% BANK Loans <sup>3</sup>	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
ONB-ME-2004-05a	11	100.00	13.55	9.09	17.39	9.09	25.23	54.55	43.83	27.27	0.09	0.00	0.00	0.19	0.06	

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\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: ONB 2004-2005 ME			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
ONB-ME-2004-05a	345	100.00	63.68	49.28	77.97	12.75	9.28	2.71	3.96

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\* Based on 2004 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source Dun and Bradstreet - 2004).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 31.30% of small loans to businesses originated and purchased by the bank.

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**Table 13. Geographic and Borrower Distribution of Consumer Loans**

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: ONB 2004-2005 ME								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005								
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total *	% of Hhlds* *	% of BANK Loans BAN K Loan s	% of Hhlds** **	% of BANK Loans BAN K Loan s	% of Hhlds* *	% of BANK Loans	% of Hhlds** **	% of BANK Loans	% of Hhlds** **	% of BANK Loans	% of Hhlds* *	% of BANK Loans	% of Hhlds* *	% of BANK Loans	% of Hhlds* *	% of BANK Loans
<b>Full Review:</b>																		
ONB-ME-2004-05a	120	100.00	0.00	0.00	0.00	0.00	79.97	77.50	20.03	22.50	16.67	4.17	15.66	14.17	19.34	25.00	48.33	55.00

\* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of households is based on 2000 Census Information.

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**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: ONB 2004-2005 ME									
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
ONB-ME-2004-05a	2	75	1	25	3	100	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: ONB 2004-2005 ME									
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
ONB-ME-2004-05a	100.00	9	100.00	0.00	0.00	33.33	66.67	2	0	0	0	2	0	0.00	0.00	79.98	20.02

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**Distribution of Branch and ATM Delivery System**

Distribution of Branch and ATM Delivery System				Geography: ONB 2004-2005 ME				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005									
MA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
ONB-ME-2004-05a	100.00	9	100.00	0	0	33	67	8	100.00	0	0	7	1	0.00	0.00	79.98	20.02

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## ONB-ME-2004-2005a

Demographic Information for Full Scope Area: ONB-ME-2004-2005a						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	14	0.00	0.00	78.57	21.43	0.00
Population by Geography	74,061	0.00	0.00	79.98	20.02	0.00
Owner-Occupied Housing by Geography	23,442	0.00	0.00	78.56	21.44	0.00
Business by Geography	5,945	0.00	0.00	77.48	22.52	0.00
Farms by Geography	192	0.00	0.00	71.88	28.13	0.00
Family Distribution by Income Level	20,714	13.55	17.39	25.23	43.83	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	6,408	0.00	0.00	84.47	15.53	0.00
Median Family Income	52,773	Median Housing Value		131,222		
HUD Adjusted Median Family Income for 2005	61,200	Unemployment Rate (1990 US Census)		1.91%		
Households Below Poverty Level	6%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2005 HUD updated MFI

ONB's operations in Maine consisted of one AA in York County, part of the Portland-South Portland-Biddeford MSA, and it contains 14 census tracts. It is the full-scope AA and it has no low- or moderate-income geographies. The AA has 11 middle-income tracts and three upper-income tracts.

As of June 30, 2005, ONB ranked 12th in deposits with a two and a quarter percent market share. Primary competitors include TD Banknorth, N.A. (24 percent), Keybank (18 percent), Bank of America (15 percent), and Kennebunk Savings Bank (seven and a quarter percent). ONB has nine branches in the state of Maine.

The region has historically built its economy on manufacturing, tourism, and recreation. While these activities remain strong, new economy businesses and industries like informational technology and services are making inroads. Southern Maine is

very much an extension of regions to the south (Boston) and north (Portland) and has taken advantage of the influence of the strong economic activity in both directions. Employment in the region is concentrated within the trade and service sectors. However, a large section of retail and services is seasonal. The Kittery shipyard and the marine services in both Portsmouth and Kittery represent a significant employment presence. The beaches and coastal services northward to Portland and south into New Hampshire and Massachusetts offer many seasonal jobs. Major employers, offering more full-time work include municipalities, schools, and healthcare.

Southern Maine is the fastest growing area of the state. Between 1990 and 2000, the population of York County grew 17 percent.

ONB offers traditional banking products for loans and deposits.